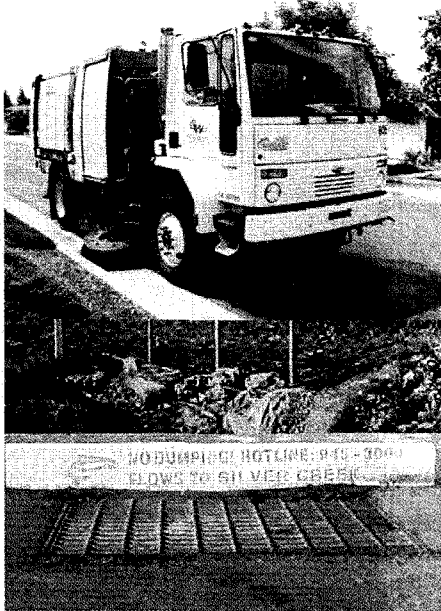
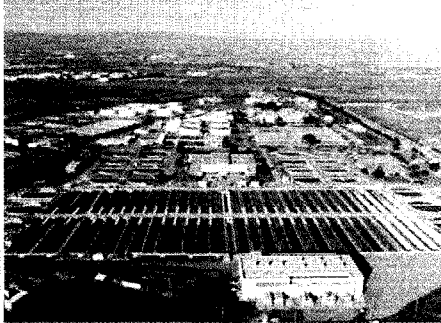


Environmental and Utility Services



Mission: *Provide environmental leadership through policy development, program design and reliable utility services.*

The services and programs of the Environmental and Utility Services (E&US) CSA provide integral support to the Council approved Economic Development Strategy and Strategic Initiatives. By providing and maintaining sound environmental infrastructure, programs and services for residents and businesses, the community continues to be a sustainable and attractive place to live, work and play. The quality and reliability of the services delivered by the E&US CSA are extremely high and have resulted in remarkable environmental leadership and achievements. As a result, the citizens view these services as routine and have high expectations for service delivery. The continued maintenance and expansion of these programs and services are necessary components of the City's economic growth and vitality.

Several budget augmentations were approved to ensure the integrity of the storm sewer infrastructure and to protect compliance with the City's NPDES (National Pollution Discharge Elimination System) Stormwater permit. The provisions approved in the 2001 permit are coming to full implementation and additional resources are needed to address the peak in workload associated with ramping up the program to address the new development provisions and to build the ongoing technical expertise needed for future permits and program development. Permit compliance is especially important as the City moves into the final year of the current cycle and into development of the 2006-2011 Stormwater permit.

The third year of a five-year expanded parking enforcement plan was approved in 2005-2006 as part of a strategy to enhance the effectiveness of city-wide street sweeping. The expansion of parking prohibitions in areas that experience greater than normal parking impacts due to higher density neighborhoods is proving to be an effective tool in ensuring that streets are clear on sweep days and that the street sweepers are able to clean the streets from curb to curb. Staff anticipates that these efforts, coupled with effective inspection services and aggressive outreach and education programs about street sweeping and parking enforcement, will continue to improve the effectiveness of street sweeping services throughout the City.

Primary Partners

Environmental Services

Transportation

Public Works

CSA OUTCOMES

- Reliable Utility Infrastructure
- Healthy Streams, Rivers, Marsh and Bay
- "Clean and Sustainable" Air, Land and Energy
- Safe, Reliable and Sufficient Water Supply

City Service Area
Environmental and Utility Services
BUDGET SUMMARY

Budget at a Glance

	2004-2005 Adopted	2005-2006 Adopted	% Change
Total CSA Budget (All Funds)	\$162,246,600	\$168,722,134	4.0%
Total Authorized Positions	592.26	596.36	0.7%

Budget & Performance Highlights

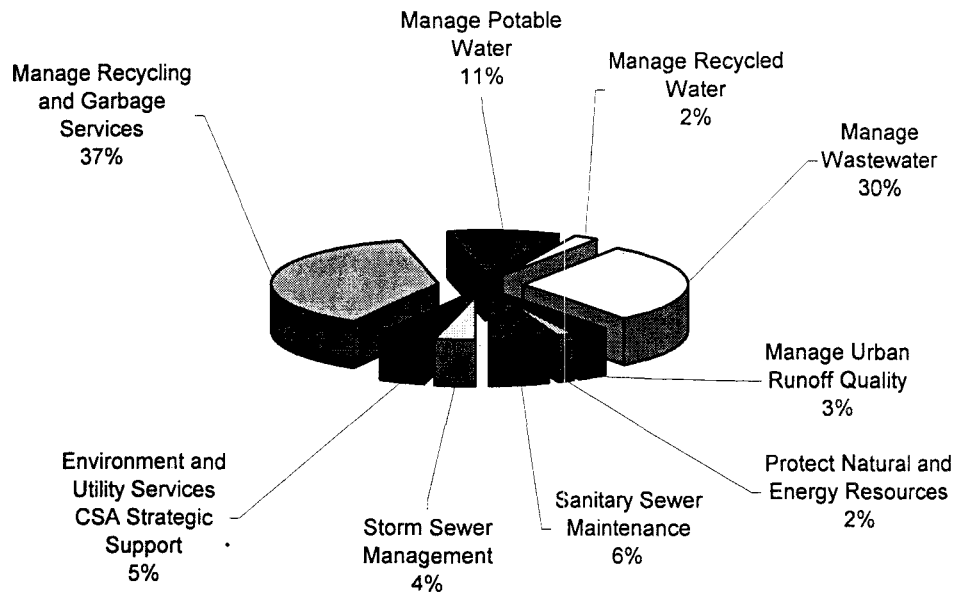
- **Street Sweeping Parking Prohibitions Expansion** — Parked cars are the leading hindrance to effective street sweeping and clean streets. It is estimated that on 10% of the City's streets more than half of the curbs are blocked by parked cars on sweep day. This enhancement will expand parking prohibitions on sweep days by 40 miles and represents the third year of a multi-year strategy to improve street sweeping effectiveness and the cleanliness of streets in the City.
- **Implementation of "C.3" Storm Water Permit Requirements** — The most significant change required in the 2001 permit is the C.3 provision which requires the implementation of stringent requirements for new and redevelopment projects to address pollutants that may enter the storm drain system and creeks. Additional staffing was approved to address the increased workload demands of implementing the C.3 stormwater permit provision for new and redevelopment project review, and to provide ongoing technical support for program and policy development as it

relates to the C.3 and broader aspects of storm water management.

- **Storm Pump Stations Replacement/Rehabilitation** — The storm sewer infrastructure continues to need significant maintenance and replacement. Of particular concern are the storm pump stations, almost half of which are over 40 years old. The 2005-2006 Adopted Capital Budget reflects a second year of funding to replace or rehabilitate one or two of the older pump stations to reduce the risk of localized flooding.
- **Neighborhood Storm Drainage Improvements** — City staff responds to reports from citizens and businesses regarding localized "flooding." These conditions, however, most often represent ponding that is created by raised or depressed curbs and gutters that prevent storm runoff from reaching catch basins and the storm drain collection system. In support of neighborhood-focused infrastructure improvements, storm capital funds were approved to address the worst of the ponding areas.

City Service Area
Environmental and Utility Services
BUDGET SUMMARY

2005-2006 Total Operations by Core Service



City Service Area Budget Summary

	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Manage Potable Water	\$ 16,275,176	\$ 17,387,790	\$ 18,374,279	\$ 18,374,279	5.7%
Manage Recycled Water	3,053,490	3,497,658	3,903,153	3,903,153	11.6%
Manage Recycling and Garbage Services	52,877,359	59,785,001	63,139,310	63,552,986	6.3%
Manage Urban Runoff Quality	4,518,343	4,815,871	4,881,060	5,017,462	4.2%
Manage Wastewater	47,123,332	50,438,852	49,931,260	49,931,260	(1.0%)
Protect Natural and Energy Resources	1,073,081	3,112,852	2,763,273	2,976,397	(4.4%)
Sanitary Sewer Maintenance	7,887,641	9,355,222	9,547,296	9,547,296	2.1%
Storm Sewer Management	5,884,104	6,261,705	5,930,902	6,407,190	2.3%
Strategic Support	6,448,288	6,972,649	7,624,111	7,624,111	9.3%
Subtotal	\$ 145,140,814	\$ 161,627,600	\$ 166,094,644	\$ 167,334,134	3.5%
Other Programs					
City-Wide Expenses	\$ 506,608	\$ 619,000	\$ 638,000	\$ 1,388,000	124.2%
Subtotal	\$ 506,608	\$ 619,000	\$ 638,000	\$ 1,388,000	124.2%
Total	\$ 145,647,422	\$ 162,246,600	\$ 166,732,644	\$ 168,722,134	4.0%
Authorized Positions	594.16	592.26	592.06	596.36	0.7%

City Service Area

Environmental and Utility Services

FIVE-YEAR BUSINESS PLAN

Current Position *How are we doing now?*

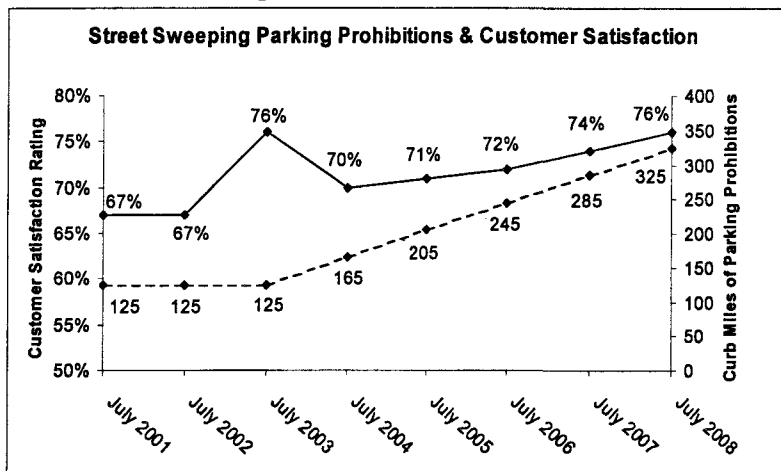
- Solid waste recycling and landfill diversion was 62% for 2002 (latest State certified number), the highest rate achieved by any large city in the country.
- City-wide facility and utility energy conservation is 15%.
- South Bay Water Recycling (SBWR) use for the summer of 2004 averaged 10.6 million gallons per day (mgd).
- During summer of 2004, discharge from the Treatment Plant met or exceeded all NPDES Permit requirements and was 97.5 mgd, well below the 120 mgd summer flow trigger.

Selected Community Indicators *What external conditions influence our strategies?*

- Flow to Treatment Plant—Used to determine need for new flow reduction programs and Plant expansion. Flow of 142 mgd triggers expansion planning.
- Recycling and diversion rates of the different sectors of the waste stream; e.g. Single Family Dwelling, Multi-family Dwelling, Commercial, Construction & Demolition—Indicates which areas need to focus recycling education efforts.
- Solid waste landfill volumes—Indicates success of diversion programs. State mandate = 50% diversion.
- Recycled Water Use = 5.5 million gallons per day—Indicates growth in use of recycled water for irrigation, agriculture, and industrial use.
- Percent of streets experiencing severe parking impacts that prevent effective street sweeping = 10%.

Trends / Issues / Opportunities *What developments require our response?*

- Increased natural gas, electricity, fuel and wholesale water costs increase expenses for the Treatment Plant, Recycle Plus, and Municipal Water System.
- Increased security requirements for the Treatment Plant and Municipal Water System.
- Lower solid waste landfill volumes reflect program effectiveness and downturn in the economy; negatively impacts General Fund revenue.
- Participation in the Santa Clara Valley Water Protection Collaborative to address issues related to land use near streams in order to protect surface and groundwater quality and quantity.
- Regulatory development of Total Maximum Daily Loads (TMDLs) for several pollutants will impact the 2006 NPDES Stormwater permit and future permits for the Treatment Plant.
- Aging storm sewer, sanitary sewer, and Treatment Plant infrastructure results in increased maintenance and rehabilitation/replacement costs.



- Work with co-permittees, Water Board, and stakeholders to develop new NPDES Stormwater Permit with feasible and reasonable provisions, to be issued in 2005-2006.
- Review Solid Waste Diversion Policy and Action Plan to evaluate recycling program alternatives in order to maximize diversion and enhance revenue through a restructuring of the commercial solid waste system.
- Improve neighborhood cleanliness by continuing to address parking impacts on street sweeping effectiveness.

City Service Area
Environmental and Utility Services
FIVE-YEAR BUSINESS PLAN

Trends / Issues / Opportunities

What developments require our response? (Cont'd.)

- Enhance the City's leadership in recycling through partnering with the County Household Hazardous Waste (HHW) Program to increase e-waste collection; review the City's Environmental Purchasing Policies and revise as needed.
- Silicon Valley Energy Partnership with PG&E to provide energy efficiency education, audits, and installation design analysis to small businesses and municipalities.
- Partnership with Santa Clara Valley Water District (District) for operation of SBWR System. The City and District are working on several fronts on issues pertaining to recycled water including: advanced treatment of recycled water; irrigation of redwood trees and other sensitive plants; and securing federal and State grants.
- Continued participation in the Santa Clara Valley Urban Runoff Pollution Prevention Program and the Watershed Management Initiative to leverage resources to meet Stormwater permit requirements.
- Improve diversion and increase recycling effectiveness in downtown core through restructuring of commercial solid waste and recycling program.
- Avoidance of Franchise and AB939 Fee payments on waste collected from state agencies by commercial franchised haulers significantly reduces revenues to the General and Solid Waste Funds. Staff will be working with the Finance Dept and Attorney's Office to develop and implement a demand and collection strategy.
- Influence water supply planning through participation in the Bay Area Water Conservation and Supply Agency.
- Participate in the state-federal planning process for restoration of the South Bay Salt Ponds (16,500 acres) to ensure that the wastewater treatment plant can continue to operate effectively and efficiently and to protect Alviso from any potential tidal impacts.
- Participate with Bay Area Clean Water Agencies (BACWA) and the Water Board in developing the City's Sanitary Sewer Management Plan (SSMP) to reduce overall sanitary sewer blockages and overflows.
- Meet the infrastructure needs such as water, street maintenance, sanitary and storm sewers for the North San José Development, Evergreen Smart Growth Plan and Coyote Valley.
- The City's Utility Billing System is a legacy system with limited capabilities that do not take advantage of current technology with the associated reliability, efficiency and quality of service delivery. The system under development to replace it, the Consolidated Utility Billing System (formerly CUSP), will address these issues.
- The slower economy has resulted in declining commercial and industrial revenues for sewer and solid waste funds.
- The Environmental Services Department, now operating as a certified Green Business, anticipates assisting other City departments in achieving certification.

Policy Framework

What policies guide our strategies?

- Economic Development Strategy and Strategic Initiative Priorities.
- NPDES Stormwater Permit and Urban Runoff Management Plan (URMP) - Defines how the City will meet the objectives as set forth in the NPDES permit.
- NPDES Wastewater Permit - Defines the objectives the City must meet and guides flow reduction program development to ensure the wastewater treatment plant meets conditions that protect the San Francisco Bay from contaminants and conditions that could negatively impact water quality.
- AB939 50% Diversion Mandate - Mandates that the City maintain a landfill diversion rate of 50% or greater.
- Environmental Procurement Policy - Reduction of environmental impacts through the purchase of preferable products by the City.
- Sustainable City Policy - Statement of San José's desire to become an environmentally and economically sustainable city by conserving its natural resources for the use of present and future generations, incorporating the City's Green Building and energy policies.
- Sanitary Sewer Master Plan - Identifies and prioritizes future capacity improvements to the City's sanitary sewer collection system in order to support the City's General Plan for future development.

City Service Area
Environmental and Utility Services
FIVE-YEAR BUSINESS PLAN

Policy Framework *What policies guide our strategies? (Cont'd.)*

- Pollution Prevention Policy - Reduction of the use of pesticides and mercury-containing products in City operations in order to prevent pollution and protect water quality.
- Water Policy - strategic directions for developing and prioritizing work plans and programs that maximize ecosystem protection.
- San José 2020 General Plan - Establishes goals and policies for infrastructure management and solid waste and level of service goals for sewage treatment, sanitary and storm sewers and flood protection.

General Plan Alignment

Adopted by the City Council, the San José 2020 General Plan sets forth the vision of San José, reflecting the community values of its residents, business owners, etc. It is a long-range plan identifying the location and intensity of land uses, character of future development and existing neighborhoods, and the overall quality of life of the San José community.

Other plans (e.g., the Sustainable City Policy, Economic Development Strategy, Sanitary Sewer Master Plan) are consistent with the General Plan, providing a greater level of detail as to how to achieve the goals set forth in the General Plan.

The General Plan identifies long-range services goals for:

- Sewage treatment - remain within the capacity of the Water Pollution Control Plant
- Storm drainage - minimize flooding on public streets and property from storm water

In light of projected resources, the business plan identifies a five-year goal of:

- Millions of gallons a day (mgd) discharged to Bay during Average Dry Weather Effluent Flow (ADWEF) season <120 mgd
- % of utility assets in working condition – Storm Sewer lines = 99%

The E&US CSA is working with Planning, Building, and Code Enforcement to modify existing service goals and adding a new level relating to sustainability, solid waste, and water policy to increase alignments between the CSA Business Plan and the General Plan.

Key Strategic Goals & Objectives *Where are we going?*

Outcome 1: Reliable Utility Infrastructure

- **100% cost-recovery in special funds** - Maintain programs at 100% cost-recovery to ensure financial integrity and fiscal responsibility of funds. A combination of program efficiencies and modest rate increases will be used to balance expenditures and revenues to keep programs as close to 100% cost-recovery as possible.
- **Continue to improve service delivery and reliability of residential street sweeping** - The City employs parking prohibition and enforcement on sweep days, as well as education and outreach, as a tool to improve the quality of street sweeping in select high parking impact areas. This strategy is proving to be successful in many neighborhoods. The City will continue to work with the community to further identify areas that will benefit from this strategy.

City Service Area

Environmental and Utility Services

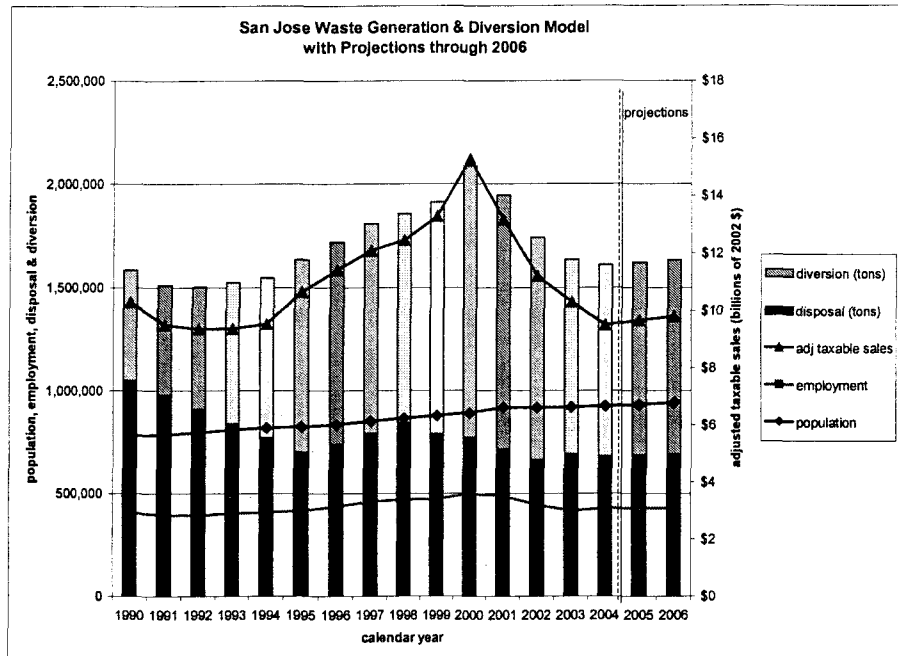
FIVE-YEAR BUSINESS PLAN

Key Strategic Goals & Objectives

Where are we going? (Cont'd.)

Outcome 1: Reliable Utility Infrastructure (Cont'd.)

- Continue to meet and exceed the State's AB939 Diversion Mandate of 50% - San José has succeeded in achieving 62% diversion of solid waste from landfills. As a result, the expected life span of San José landfills has been effectively increased with a capacity to at least 2020. The CSA will also continue to analyze diversion and disposal information, conduct outreach to encourage continued diversion, and improve service delivery and reliability of solid waste collection while maximizing diversion and providing high quality customer services. The CSA will continue to analyze materials capacity and the required infrastructure development to handle the waste from San José's growing population.



- Replace legacy Utility Billing System** — In December 2004, Council approved the purchase of a PeopleSoft product to replace the existing Utility Billing System (Socrates). Phase 1 of the Consolidated Utility Billing System (formerly CUSP) implementation effort, expected to conclude by December 2006, will automate numerous manual functions, provide enhanced service to customers and provide the technological infrastructure, which can be leveraged to incorporate other customer and service request management activities across the City organization.
- Rehabilitation and replacement of aging infrastructure** — The utility infrastructure in San José - the sanitary sewer system, storm sewer system, the treatment plant, and the water distribution system - is aging and requires increased maintenance. In order to maintain system reliability and minimize maintenance costs, the older infrastructure needs to be rehabilitated or replaced. These projects are programmed in the capital budget as funds become available.
- Redirect the focus of the storm capital program** — Storm sewer infrastructure includes storm drain pipelines, storm drain pump stations, storm outfalls into waterways, and curbs and gutters. In 2005-2006, the capital program focus shifts from large infrastructure for system-wide needs to minor improvements that address localized drainage in residential neighborhoods. Neighborhood storm drainage improvements will include storm pump station replacements as well as drainage improvements in Strong Neighborhoods Initiative Areas.

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

- Continue to meet and exceed NPDES Stormwater permit requirements** — The City conducts activities to limit non-storm water discharges to the storm sewer system and to implement "Best Management Practices" (BMP) to reduce pollutants. Activities include implementing BMP's for municipal activities, enforcing State and local regulations, working with new development to minimize pollutants, and educating the community on how to protect water quality.

Key Strategic Goals & Objectives *Where are we going? (Cont'd.)*

Outcome 2: Healthy Streams, Rivers, Marsh and Bay (Cont'd.)

- **Continue to meet and exceed NPDES Wastewater permit requirements** – The City's NPDES permit development and management approach identifies the most cost-effective and environmentally beneficial programs. Through technical studies, regional cooperation and programmatic efforts, the Plant strives to provide regulatory certainty to the City and discharge community by resolving issues such as copper, nickel and mercury discharge limits, freshwater flows to the south bay, and marsh mitigation.
- **Continue to invest in the recycled water system to enhance reliability** – Recycled water use has been key to diverting flow from the Bay. As recycled water use evolves from irrigation purposes only, to include more industrial and commercial customers, it is critical that the reliability of the system be enhanced to minimize water interruption. When reservoirs are completed to enhance reliability and redundancy, the focus will shift to primarily maintaining and operating the system. Currently, three major industrial/commercial users depend on recycled water for operations rather than for landscaping and aesthetics. This growing number of industrial and commercial users is a trend that is expected to continue.
- **Watershed Management Initiative, Santa Clara Valley Urban Runoff Pollution Prevention Program, and Water Resources Protection Collaborative** – The City Council adopted the Watershed Management Initiative's (WMI) Watershed Action Plan in September 2003. The WMI will now concentrate its efforts on activities that implement the strategic objectives of the Action Plan. The City will continue participation with other co-permittees as a member of the Santa Clara Valley Urban Runoff Pollution Prevention Program to develop stormwater programs and implement stormwater permit requirements. The City will also continue participation in the Water Resources Protection Collaborative as it proceeds to develop standards and guidelines, as needed, for land uses near streams and for the protection of surface and groundwater quality and quantity.

Outcome 3: "Clean and Sustainable" Air, Land and Energy

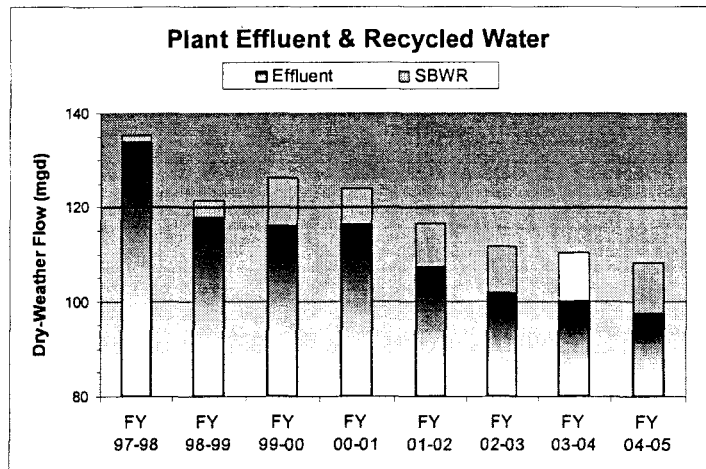
- **Utilize Green and Sustainable Building design and construction principles in public and private construction** – The City is committed to implementing the Green Building policy and goals by developing in-house expertise in green building design and construction (LEED™ rating system). Through a partnership with PG&E, the City is coordinating activities of the Silicon Valley Energy Program (SVEP), which offers new, larger rebates to small businesses to help them install energy efficient equipment and reduce their operating costs, design assistance for new construction on energy opportunities, energy audits for municipalities, and comprehensive energy courses and workshops for design and energy professionals.
- **Promote environmentally responsible land use** – Utilizing closed landfills for both interim and permanent productive purposes provides a benefit to the community. Productive uses of landfills can include community athletic complexes such as softball and soccer fields, as well as land for temporary or permanent City use. Additionally, soil is a valuable commodity. Coordination of City project soil disposal and purchase needs, the temporary storage or staging of soil, and the ultimate reuse of soil can lead to significant cost savings.

City Service Area
Environmental and Utility Services
FIVE-YEAR BUSINESS PLAN

Key Strategic Goals & Objectives *Where are we going? (Cont'd.)*

Outcome 4: Safe, Reliable and Sufficient Water Supply

- **Continue to meet and exceed drinking water quality requirements** - San José Municipal Water System ensures that drinking water delivered to customers meets all applicable federal and State health standards. Water at various locations in the distribution system is tested daily using the latest testing procedures and equipment.
- **Continue to meet and exceed recycled water quality requirements** - The South Bay Water Recycling Program delivers treated effluent from the Treatment Plant to customers for reuse in irrigation, landscaping, and other beneficial purposes. Planned upgrades to Plant facilities through the 2005-2006 Adopted Capital Budget will ensure continued treatment of recycled water to meet customer needs and comply with regulatory requirements.



Environmental and Utility Services

TWO-YEAR INVESTMENT STRATEGY

Overview

The Environmental and Utility Services CSA will focus its service efforts in 2005-2006 and 2006-2007 on adjusting resources to meet City Council and community priorities, and continue to address an aging utility infrastructure. Reliable and efficient utility services and strong environmental leadership both contribute to a strong economy and a sustainable community.

Key Investments & Objectives

How will we accomplish our goals?

Although less than 2% of the Environmental and Utility Services (E&US) CSA funding comes from the General Fund, a total of over \$1.4 million in eligible ongoing expenditures have been shifted from the General Fund to E&US special funds during the last two years. In addition, almost \$500,000 in additional annual General Fund revenue has been generated by the E&US CSA.

While shifting costs to special funds reduces the General Fund budget, in the special funds, it reduces revenues available for other program activities and has, in past years, contributed to the need for rate increases. In order to minimize rate increases resulting from these shifts and from increased program costs, the E&US CSA continues to identify efficiency savings and leverage funds where possible.

In order to cover the escalating costs of service delivery, infrastructure rehabilitation and replacement, and regulatory compliance, rate increases are required. Rate increases for the Municipal Water System and storm sewer fees are included in this budget. Rate increases recommended for the Recycle Plus program were deferred pending the results of the Norcal Waste Systems of San Jose, Inc. 2004 contract amendment investigation and are scheduled to be revisited later in the year. Finally, the second year of the City Council approved Sewer Service and Use Fee rate increase program was approved to be implemented.

Outcome 1: Reliable Utility Infrastructure

Year 1: 2005-2006 – Planned Service Strategies

General Fund Reductions and Revenue Enhancements

- Community-Based Organizations funding reduction: Based on the average city-wide reduction to community based organizations, reduces the non-profit reuse disposal subsidy, generating ongoing General Fund savings.
- Commercial Solid Waste Franchise Fee increase: Modest increases to generate additional ongoing General Fund revenue.

Storm Pump Station Operations and Maintenance

- Ongoing funding for operation and maintenance costs of three new pump stations (Rincon II, Airport, and 87/Taylor), and for the Oakmead Station which had previously been funded through special assessments that are no longer warranted.

Storm Pump Stations Rehabilitation and Replacement

- A comprehensive storm pump station rehabilitation capital program was implemented in 2004-2005. An additional \$500,000 has been allocated in 2005-2006 for the second year of a multi-year program to address the aging storm sewer infrastructure by replacing or rehabilitating the oldest and least reliable pump stations. The pump station rehabilitations and replacements will reduce the risk of localized flooding during storm events.

Neighborhood Storm Drain Improvements

- City staff responds to reports from citizens and businesses regarding localized “flooding.” These conditions, however, most often represent ponding that is created by raised or depressed curbs and gutters that prevent storm runoff from reaching catch basins and the storm drain collection system. In support of neighborhood-focused infrastructure improvements, \$500,000 from the storm capital fund was approved for curb and gutter improvements to address the worst of the neighborhood ponding areas.

City Service Area

Environmental and Utility Services

TWO-YEAR INVESTMENT STRATEGY

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 1: Reliable Utility Infrastructure (Cont'd.)

Year 1: 2005-2006 – *Planned Service Strategies (Cont'd.)*

Storm Sewer Revenues

- A three-year rate-increase strategy was approved to address inflationary cost increases, additional regulatory requirements, and to continue funding the storm sewer capital program. Without these increases, a reduction of funding necessary to address the infrastructure rehabilitation and replacement of the storm sewer system, including pump stations and curb and gutter replacements, would be required.

Year 2: 2006-2007 – *Projected Service Strategies*

General Fund Reductions and Revenue Enhancements

- The CSA will continue to explore revenue generation opportunities to support the General Fund.

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

Year 1: 2005-2006 – *Planned Service Strategies*

Street Sweeping Effectiveness

- Goal is to improve the cleanliness of residential neighborhoods through the enhancement of street sweeping effectiveness.
- Parking prohibition and enforcement on sweep days will be expanded by installing 40 new curb miles of signage for parking prohibitions in 2005-2006.
- The program will perform outreach and education to areas heavily impacted by parked cars to determine if parking prohibitions on sweep days would be beneficial and desired by the community.

NPDES Storm Water Permit C.3 Provision Implementation

- Requirements from the 2001 permit are applicable for a growing number of new development projects in 2005.
- Goal is to ensure customer service and permit compliance while program ramps up with one-time additions in staff.
- Ongoing staff additions build relevant expertise in preparation for the development of future stormwater permits (to be developed in 2005) and the resultant programs and services.

Year 2: 2006-2007 – *Projected Service Strategies*

Street Sweeping Effectiveness

- The CSA plans to continue its outreach and expanded parking prohibition activities in 2006-2007. However, the failure to achieve the needed rate increases mentioned in the Reliable Utility Infrastructure Outcome section could negatively impact the ability to provide continued funding for these activities.

NPDES 2006 Storm Water Permit

- The CSA is currently negotiating its NPDES stormwater permit, which becomes effective in February 2006, with the Water Board. In recent years, the trend has been toward more stringent, and costly, requirements. Pending the outcome of these negotiations, additional requirements may be added, at which time staff will determine any future funding implications.

City Service Area
Environmental and Utility Services
PERFORMANCE BY OUTCOME

Outcome 1: Reliable Utility Infrastructure

Wastewater Treatment Plant Reliability Projects

The multi-year Plant Reliability Improvements Project currently underway at the Treatment Plant will increase peak wet weather flow capacity from 271 mgd to 400 mgd. Past wet weather flows during prolonged rainstorms have caused inflow to the Plant to surpass 320 mgd, resulting in numerous operational difficulties. Construction of this project began in spring of 2005. In addition, detailed design for the multi-year

rehabilitation of the Plant's electrical distribution system to replace aging infrastructure and ensure redundancy for the Plant's 24/7 operations started in spring of 2005. The design will be based on the Electrical System Improvements Study completed in October 2004. Due to present funding constraints, the construction of Phase 1 will be deferred until 2008-2009. Construction for all phases will occur over a six year time span.

5 Year Strategic Goals		2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A. Environmental and Utility Services CSA delivers quality Capital Improvement Program (CIP) projects on-time and on-budget	1. % of CIP projects delivered* within 2 months of approved baseline schedule	85%	85%	88% 22/25	85%	85%
	2. % of CIP projects that are completed** within the approved baseline budget	90%	90%	86% 6/7	90%	90%
	3. project delivery costs (exclusive of city-wide overhead) as % of total construction cost for completed projects with construction costs:					
	less than \$500,000-	31%	31%	38%	31%	31%
	between \$500,000 and \$3M-	23%	23%	32%	23%	23%
	greater than \$3M-	15%	15%	N/A***	15%	15%
	Total (all construction costs)-		34%	34%		
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of use	80%	80%	63%	80%	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	TBD****	85%	85%

* Projects are considered to be "delivered" when they are available for their intended use.

** Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.

*** No projects in this category.

**** Data is being collected and will be presented with actual results for 2004-2005 in fall 2005.

City Service Area
Environmental and Utility Services
PERFORMANCE BY OUTCOME

Outcome 1: Reliable Utility Infrastructure (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
B. Preserve the City's utility infrastructure to optimize service delivery capabilities	1. % of utility assets in working condition:					
	- SJ/SC Water Pollution Control Plant	95%	95%	95%	95%	95%
	- Sanitary Sewer lines	97%	97%	98%	97%	97%
	- Storm Sewer lines	95%	97%	95%	97%	97%
	- SJ Municipal Water	95%	95%	100%	95%	95%
	- South Bay Water Recycling	95%	95%	97%	95%	95%
	2. % of customers rating service as good, based on reliability, ease of system use and lack of disruption:					
	- Potable	95%	91%	91%*	85%	85%
	- Recycled	90%	76%	76%*	75%	75%
	3. Ratio of MWS average residential water bill to average residential water bill of other San Jose water retailers**	<100%	<100%	74%	<100%	<100%
C. Provide for collection, disposal & processing of solid waste	1. % of waste diverted from landfills (State Goal: 50%)	>50%	62%	59%***	59%	59%
	2. % of residents rating collection services as good or excellent					
	- Single-Family Dwelling	85%	85%	85%	85%	85%
	- Multi-Family Dwelling	80%	75%	75%	75%	80%

* Potable and Recycled Water surveys conducted in 2003-2004. Next surveys will be conducted in 2005-2006.

** San Jose water retailers include: San Jose Water Company and Great Oaks Water Company

*** 2003 Actual diversion rate will not be available until California Integrated Waste Management Board biannual review in June 2006.

Infrastructure Improvements

In 2004, the Alternative Disinfection Project Study began at the Treatment Plant. This project will evaluate and construct the facilities required in order for the Plant to switch from gaseous chlorine to alternative disinfection methods. A Gas Chlorine Conversion Plan was completed in October 2004. Detailed design of the project is expected to be completed in Spring 2006 and construction to begin in Fall 2006.

A comprehensive storm pump station rehabilitation and upgrade capital program was developed and begun in 2004-2005. This multi-year program addresses the aging storm sewer infrastructure by replacing or rehabilitating the oldest and least reliable pump stations so as to reduce the risk of localized flooding. The first year of the program funded the rehabilitation of one storm pump station. The program continues with a second year of funding in 2005-2006 for the rehabilitation of an additional pump station.

A new 5 million gallon reservoir for the recycled water system, which will enhance reliability and improve

system operations, was awarded in April 2005 and construction completion is scheduled for 2005-2006. Recycled water pipelines to the new City Hall were completed and pipelines along Coleman Avenue toward the City of Santa Clara are now under construction and expected to be completed in 2005-2006.

Successful Solid Waste Diversion

San José requested that the California Integrated Waste Management Board adopt a new base year for San José to calculate the City's waste diversion numbers. The Board reviewed the study the City conducted and approved the request. The result is that the 1999 diversion rate for San José was 59% and the 2000 diversion rate was 64%. The Board approved the City's 2002 rate of 62% in June 2004. The City's preliminary diversion rate of 59% for 2003 is not anticipated to be approved by the Board until 2006. Even with this reduction, however, these are still among the highest diversion accomplishments of any big city in America.

City Service Area

Environmental and Utility Services

PERFORMANCE BY OUTCOME

Outcome 2: Healthy Streams, Rivers, Marsh and Bay

5 Year Strategic Goals	CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A. Manage stormwater for suitable discharge into creeks, rivers and the Bay	1. % of Urban Runoff Management Plan (URMP) tasks completed by target date	100%	100%	98%	100%	100%
	2. % of residents surveyed who understand that any substances that get washed down the street end up in the Bay without treatment through the storm drain system	55%	43%	43%*	43%	45%
B. Manage wastewater for suitable discharge into the Bay	1. Mgd discharged to Bay during the average dry weather effluent flows (ADWEF) season	<120 mgd	110 mgd	97.5 mgd	100 mgd	100 mgd
	2. % of time pollutant discharge requirements for wastewater NPDES permit are met or surpassed	100%	100%	100%	100%	100%
C. Develop, operate, and maintain a recycled water system that reduces effluent to the Bay	1. Millions of gallons per day diverted from flow to the Bay through recycled water during the ADWEF period	17 mgd	11.5 mgd	10.6 mgd	11.2 mgd	13 mgd

* Survey conducted fall of 2003. Next survey is scheduled for 2005-2006.

Managing Health of the Bay

Since 1990, the City has invested considerable efforts toward protecting local streams, rivers and the San Francisco Bay salt marsh habitat. The Treatment Plant's (Plant) average dry-weather effluent flow for 2004 was 97.5 mgd, well below the 120 million gallons per day trigger set by the State to protect wildlife habitat for the seventh consecutive year. The Plant continues to consistently meet permit discharge requirements.

Salt marsh habitat protection is a key element of San Jose's watershed protection efforts. In December 2004, the City successfully completed negotiation and execution of an alternate mitigation agreement with the Water Board, U.S. Fish and Wildlife Service, California Department of Fish and Game and the Peninsula Open Space Trust to provide \$650,000 to the Resource Agencies in lieu of the requirement to restore the Moseley Tract. This agreement represents the final step to fulfill all historical mitigation requirements placed on the Plant for endangered species impacts related to the discharge of fresh water on salt marsh habitat.

The City continues to actively participate in watershed regional planning and management efforts. As part of the Clean Estuary Partnership (CEP), a group formed in September 2001 between the Water Board, Bay Area Stormwater Agencies and municipal dischargers to

support technical efforts to produce identifiable, sustainable water quality improvements in San Francisco Bay. City staff have been integral in setting the direction of this group. The CEP provides a unique forum for Water Board staff to work closely with stakeholders to address water quality issues through the development of TMDLs (Total Maximum Daily Loads) or other water quality attainment strategies that are designed to improve the health of the watershed.

Managing Stormwater

The City's various departments continue to successfully collaborate to implement stormwater initiatives. Two recent successes include the integration of new stormwater requirements into the development review process. Environmental Services, Public Works, and Planning, Building & Code Enforcement are revising their business processes and have made developer outreach a top priority.

Environmental Services has also teamed with Parks, Recreation & Neighborhood Services, Transportation, and General Services to review City activities related to the prevention and removal of trash or litter. This effort is part of a partnership with the Water District and is aimed at addressing the impact of trash on creeks, rivers, and the Bay.

City Service Area
Environmental and Utility Services
PERFORMANCE BY OUTCOME

Outcome 3: "Clean and Sustainable" Air, Land and Energy

Green and Sustainable Building Program

The West Valley Branch Library was awarded a 2004 Governor's Environmental and Economic Leadership Award. The program recognizes individuals and organizations that have demonstrated exceptional leadership and made notable, voluntary contributions to conserving California's resources, protecting and enhancing the environment, and building public-private partnerships. Staff continues to review all existing construction projects to determine to what extent green building measures can be incorporated. Cross-training of staff within Environmental Services, Public Works, Redevelopment Agency, and Planning, Building and Code Enforcement continues. To date, nine City staff are LEED™ Accredited Professionals.

Energy Efficiency

Energy supply, reliability and costs continue to be a concern. As part of the Sustainable Energy Policy, San José continues to pursue energy efficiency in City operations, encourages renewable and clean energy use, and promotes energy efficiency in the community.

The Silicon Valley Energy Partnership (SVEP), a collaborative between the City and PG&E, is proving to be highly successful at helping Silicon Valley businesses reduce their operating and maintenance energy costs. Over 200 San José businesses will receive rebates for installing energy efficient equipment. Governments within Silicon Valley are also taking advantage of the energy audits offered by this program, and the architectural and technical professions continue to attend the energy classes and workshops coordinated by the City as part of SVEP activities.

5 Year Strategic Goals	CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A. Promote improved air quality	1. % of City vehicles using alternative fuels or are ultra-low emission vehicles	15%	11%	11%	11%	11%
B. Utilize Green Building Design principles in all public buildings and encourage their use in private development	1. % of new and existing buildings incorporating Green Building Guidelines: • Applicable Public Buildings • Commercial Buildings • Attached Residential	100% 25% 10%	100% N/A* N/A*	100% N/A* N/A*	100% N/A* N/A*	100% N/A* N/A*
C. Procure, manage and conserve clean, economical and reliable sources of energy	1. % of energy conserved in City facilities 2. # of renewable systems in City facilities	12% 5	12% 1	14% 1	12% 1	12% 1
D. Reduce, reuse, and recycle solid waste at home, work, and play	1. % of residents rating the City's job of providing information on how to recycle as good or excellent	85%	82%	85%	85%	85%
E. Promote environmentally responsible land use	1. % of City-owned closed landfills utilized for Tier 1 beneficial uses	80%	40%	20%	20%	20%

* Currently no funding exists for private sector green building activities.

City Service Area
Environmental and Utility Services
PERFORMANCE BY OUTCOME

Outcome 4: Safe, Reliable, and Sufficient Water Supply

Successful Water Recycling and Conservation

The City plays an important role in ensuring future water supplies through its water conservation and water recycling programs. Both of these programs serve a dual purpose: (1) conserving potable water supplies, and (2) reducing the amount of wastewater to the San José/Santa Clara Water Pollution Control Plant. Both programs have been a major factor in keeping flows below the 120 mgd permit trigger.

The South Bay Water Recycling (SBWR) Program has continued to increase the number of customers using recycled water to over 500. SBWR provides the greatest short-term and long-term flow reduction potential. The first of three new electric power generation facilities, the Los Esteros Critical Energy Facility, was connected in 2003 and the Silver Creek pipeline was completed in early 2004. When the power

plants currently under construction in San José and Santa Clara are fully operational, they will use an additional 7 mgd of recycled water in the summer. The City and Santa Clara Valley Water District have undertaken a collaborative effort to prepare a long-term plan for the operation, maintenance and future expansion of the SBWR system.

Opportunities remain to achieve water conservation from indoor water use. The City's water conservation efforts are currently only funded for indoor water conservation programs that prevent wastewater flows from the Water Pollution Control Plant from approaching the 120 mgd trigger. Because flows are currently below 100 mgd, water conservation efforts continue to be scaled back accordingly. The City will continue cost sharing on indoor water conservation programs with the Santa Clara Valley Water District and continue to offer businesses financial and technical assistance to reduce wastewater flows.

5 Year Strategic Goals	CSA Performance Measures	2006-2010 5-yr Goal	2004-2005 1-yr Target	2004-2005 Estimate	2005-2006 1-yr Target	2006-2007 2-yr Target
A. Decrease reliance on imported water	1. Mgd of water conserved and recycled	21.0	19.2	19.0	21.0	23.0
B. Public is educated regarding water conservation, and the safe and appropriate use of recycled water and water resources	1. % of residents demonstrating water conservation knowledge	40%	30%	New Measure*	30%	33%
	2. % of residents with water saving fixtures in their home	50%	New Measure	New Measure**	40%	43%
	3. % of residents who are in favor of using recycled water	90%	80%	80%***	80%	80%
C. Meet or exceed drinking and recycled water quality standards	1. % of San Jose Municipal Water System drinking water samples meeting or surpassing State and federal water quality regulations	100%	100%	99.63%	100%	100%
	2. % of time recycled water meets or surpasses State recycled water standards (Title 22)	100%	100%	100%	100%	100%

* Data for this measure will come from the biennial Water Focus Survey. Measure was added after the previous survey was conducted so it was not possible to get data for 2004-2005. The next Water Focus Survey will be conducted in the Spring of 2006.

** New measure proposed for 2005-2006. Baseline data will be collected in 2005-2006.

*** Data is from the 2004 Water Focus Survey. The next Water Focus Survey will be conducted in the Spring of 2006.

2005-2006

OPERATING BUDGET

**ENVIRONMENTAL
AND
UTILITY SERVICES
CSA**

CORE SERVICES

Service Delivery Framework

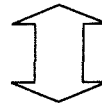
CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 7 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Environmental and Utility Services CSA

Mission:

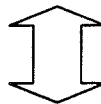
Provide environmental leadership through policy development, program design and reliable utility services.



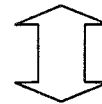
Outcomes:

- Reliable Utility Service
- Healthy Streams, Rivers, Marsh and Bay
- "Clean and Sustainable" Air, Land and Energy Resources
- Safe, Reliable, and Sufficient Water Supply

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners



PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes



CORE SERVICES
Primary deliverables of the organization

Environmental Services Department

Core Services:

Manage Potable Water

Manage Recycled Water

Manage Recycling & Garbage Services

Manage Urban Runoff Quality

Manage Wastewater

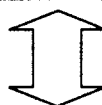
Protect Natural and Energy Resources

Transportation Department

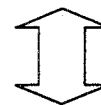
Core Services:

Sanitary Sewer Maintenance

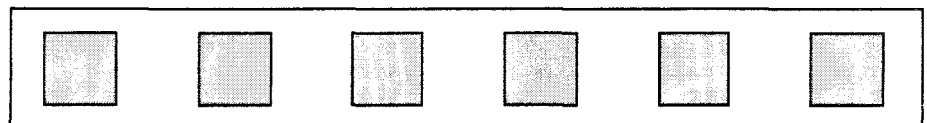
Storm Sewer Management



OPERATIONAL SERVICES
Elements of Core Services; the "front-line" of service delivery



STRATEGIC SUPPORT
Organization-wide guidance and support to enable direct service delivery



Environmental and Utility Services CSA

Core Service: Manage Potable Water

Environmental Services Department

Core Service Purpose

Develop, operate, and maintain the City's municipal potable water system.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> System Operations | <input type="checkbox"/> Customer Service |
| <input type="checkbox"/> System Maintenance | <input type="checkbox"/> System Expansion |
| <input type="checkbox"/> Regulatory Compliance | <input type="checkbox"/> System Improvements |

Performance and Resource Overview

The Municipal Water System (Muni Water) continues to deliver high quality service at a low cost for San José residents compared to the private water retailers in San José. However, the same inflationary factors that affect the general economy also affect Muni Water's operating costs and administrative expenses. Improvements to and replacement of the operational plant have also increased the costs of providing water service.

Muni Water's two principal sources of revenue are water sales and fixed monthly meter service charges. Rates are established to pay for operating costs and capital improvements. Under California Public Utilities Commission (CPUC) guidelines, water companies may recover 50% of their fixed costs in quantity charges and 50% in monthly meter charges. Meter charges for Muni Water customers were last adjusted in April 1992. As part of the 2005-2006 Adopted Operating Budget, a monthly meter charge increase of \$0.90 for a typical residential household, or approximately 2.6% (overall), was approved, to recover 34% of the fixed costs. This additional revenue will cover fixed costs such as maintenance expenses, transmission and distribution expenses, customer account expenses, and administrative and general expenses, which have increased since the last meter charge increase in 1992. Overall, Muni Water's average wholesale water cost is not expected to increase in 2005-2006, and as a result, there is no increase to the quantity charges for 2005-2006. The average single-family residential monthly bill will increase only slightly, from \$30.43 to \$31.33. Even with the approved meter service charge increase, Muni Water customers will continue to enjoy the lowest water rates in San José.

Performance results in the Manage Potable Water Core Service continue to be high. The performance measure for customer service requests handled within 24 hours is estimated to meet the 2004-2005 target of 99%. The performance measure for water quality is estimated to be slightly below the target of 100% in 2004-2005, as a result of one sample testing over allowable limits. The cost measure comparing the ratio of the average Muni Water residential bill with other San José water retailers (currently 76%) reflects Muni Water's lower rates, exceeding the target set for 2004-2005. The customer survey conducted for 2003-2004 shows that 91% of Muni Water customers rated service as good or excellent, which exceeded the target. Surveys for this core service are





Environmental and Utility Services CSA

Core Service: Manage Potable Water

Environmental Services Department

Performance and Resource Overview (Cont'd.)

conducted every other year. The next survey is scheduled for 2005-2006. The millions of gallons of water delivered per year to Municipal Water System (MWS) customers is projected to end the year at 7,125 million gallons, 10% below the forecasted level of 7,900 million gallons. The variance in this number reflects the cooler, wetter winter and spring experienced in 2004-2005, resulting in reduced water sales.

Manage Potable Water Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 % of water samples meeting or surpassing State and federal water quality standards	100.0%	100.0%	99.9%	100.0%
 Ratio of MWS average residential water bill to average residential water bill of other San José water retailers*	80%	<100%	76%	<100%
 % of customer service requests handled within 24 hours	99.8%	99%	99%	99%
 % of MWS customers rating service as good or excellent, based on reliability, water quality, and responsiveness	91%	91%	91%**	90%

* San José water retailers include: San Jose Water Company and Great Oaks Water Company

** Data for this measure comes from the 2004 Muni Water Customer Satisfaction Survey. The next survey is scheduled for 2005-2006.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Millions of gallons of water delivered per year to MWS customers	7,312	7,900	7,125	7,230
Total number of MWS customers	26,268	26,500	26,600	27,300

Environmental and Utility Services CSA

Core Service: Manage Potable Water *Environmental Services Department*

Performance and Resource Overview (Cont'd.)

Manage Potable Water Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 2,765,890	\$ 2,788,895	\$ 2,886,689	\$ 2,886,689	3.5%
Non-Personal/Equipment	13,509,286	14,598,895	15,487,590	15,487,590	6.1%
Total	\$ 16,275,176	\$ 17,387,790	\$ 18,374,279	\$ 18,374,279	5.7%
Authorized Positions	32.43	32.37	32.52	32.52	0.5%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Environmental and Utility Services CSA

Core Service: Manage Recycled Water *Environmental Services Department*

Core Service Purpose

Develop, operate, and maintain a recycled water system that reduces effluent to the Bay and provides a reliable and high quality alternative water supply.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> System Operations and Maintenance | <input type="checkbox"/> Customer Connection Services |
| <input type="checkbox"/> Regulatory Compliance | <input type="checkbox"/> Education and Marketing |
| | <input type="checkbox"/> System Expansion and Development |

Performance and Resource Overview

The City's investment in South Bay Water Recycling (SBWR) and its expansion is helping the City protect endangered species habitat while providing an alternate supply of high-quality water for turf irrigation and other purposes. This effort supports the City's economic development goals and the associated growth, while keeping the Water Pollution Control Plant's discharges to South San Francisco Bay within the wastewater discharge flow trigger of 120 million gallons per day (mgd) set by the Regional Water Quality Control Board.

Over 500 SBWR customers are currently using recycled water in a variety of ways including turf irrigation at parks, schools, golf courses, and businesses; landscape features such as ponds and fountains; water processing for manufacturing and cooling towers; and irrigation of local crops. As more customers are added to the system, the amount of water diverted from discharge into the South San Francisco Bay will continue to increase and approach the system's transmission capacity. The recent addition of a new power plant in Santa Clara and the upcoming addition of the Metcalf Energy Center will increase recycled water consumption by as much as 7 million gallons a day for the summer months.

Beginning in 2004-2005, South Bay Water Recycling (SBWR) wholesale water rates were indexed to the Santa Clara Valley Water District (SCVWD) rate for untreated water, currently \$405 per acre-foot (AF). Effective July 1st, 2005, the SCVWD approved an increase to the untreated water rate of \$15 per AF. Consistent with the SBWR wholesale rate ordinance, the wholesale price of recycled water will rise dollar for dollar with the increase approved by the SCVWD.







The first performance measure, "Millions of gallons per day diverted from flow to the Bay for beneficial purposes during the dry weather period" is estimated to end the year below targeted levels in 2004-2005 due to cooler 2004 summer temperatures which reduced the need for irrigation, and a lower than anticipated water use resulting from the continuing economic slowdown.

Environmental and Utility Services CSA

Core Service: Manage Recycled Water *Environmental Services Department*

Performance and Resource Overview (Cont'd.)

The percentage of recycled water customers rating service as good or excellent was 76% in the most recent survey, conducted in 2004, which is consistent with the target for 2004-2005. However, it is worth noting that only 3% of those surveyed were dissatisfied with the service; the remaining 21% of the customers did not offer an opinion. ESD continues to implement process changes to improve delivery time and process review for recycled water customers. The survey is scheduled every other year to make the data more sustainable. The next survey is scheduled for 2005-2006. The number of SBWR system customers in 2004-2005 is projected to end the year at 510 customers, 2% above the forecasted level of 500 customers.

Manage Recycled Water Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 Millions of gallons per day diverted from flow to the Bay for beneficial purposes during the dry weather period*	10.2	11.5	10.6	11.2
 Millions of gallons of recycled water delivered annually	2,360	2,500	2,500	2,800
 % of time recycled water quality standards are met or surpassed	98%	100%	100%	100%
 % of wastewater influent recycled for beneficial purposes during the dry weather period*	9%	9%	9%	9%
 Cost per million gallons of recycled water delivered	\$1,010	\$1,300	\$1,300	\$1,150
 % of recycled water customers rating service as good or excellent, based on reliability, water quality, and responsiveness**	76%	76%	76%**	75%

* Dry weather period defined as lowest 3 months continuous average between May and October, which runs through the middle of the reporting period.

** Data for this measure comes from the 2004 Recycled Water Customer Satisfaction Survey. The next survey is scheduled for 2005-2006.

Environmental and Utility Services CSA

Core Service: Manage Recycled Water *Environmental Services Department*

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total number of South Bay Water Recycling customers	445	500	510	530

Manage Recycled Water Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,741,819	\$ 1,621,548	\$ 1,653,057	\$ 1,653,057	1.9%
Non-Personal/Equipment	1,311,671	1,876,110	2,250,096	2,250,096	19.9%
Total	\$ 3,053,490	\$ 3,497,658	\$ 3,903,153	\$ 3,903,153	11.6%
Authorized Positions	16.41	16.28	16.13	16.13	(0.9%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Environmental and Utility Services CSA

Core Service: Manage Recycling and Garbage Services *Environmental Services Department*

Core Service Purpose

Collect, process and dispose of solid waste to maximize diversion from landfills and protect public health, safety and the environment.

Key Operational Services:

- ☐ **Develop and Administer Programs to Maximize Diversion**
- ☐ **Manage Collection, Processing, and Disposal Contracts**
- ☐ **Provide Customer Service**

Performance and Resource Overview

The City of San José has achieved a State-certified diversion rate of 62% for the State's 2001-2002 Biennial Review period through administration of its residential, commercial, and civic garbage and recycling programs, which is still the highest diversion rate of any large city in the nation. Due to the City's comprehensive diversion and outreach programs, the overall landfill diversion rate increased from 11% in 1990 to 62% in 2002, compared to the State's mandate of 50%. San José's extensive incentive-based programs make it easier to "Recycle Where You Live, Work and Play". Customer outreach to neighborhoods and businesses, and a high level of customer satisfaction, also contribute to the overall success of these well-designed programs.

The City's preliminary 2003 diversion rate is 59% and has been submitted to the California Integrated Waste Management Board (CIWMB) for approval. This rate will not be approved until the Board conducts the 2003-2004 Biennial Review in June 2006. While the diversion rate has decreased by five percentage points since 2001-2002, the City's successful implementation of its Construction and Demolition Debris Deposit (CDDD) recycling program in 2001 partially mitigated a potentially larger decrease. In order to maintain the diversion rate above the state's 50% mandate, additional opportunities for diversion will be explored. One opportunity is the commercial sector, which generates approximately 75% of all San José waste and therefore represents the greatest potential for diversion. As part of the Commercial system update scheduled for July 2006, the Environmental Services Department will present the City Council with proposed changes to the program. In addition to generating more diversion, these changes have the goal of enhancing recycling services to members of the business community who are currently underserved.

The Integrated Waste Management (IWM) Fund supports residential, commercial and civic solid waste activities, including various contracts for collection, processing and disposal. In order to ensure adequate funding for these activities, a multi-year rate increase strategy was identified by staff in the 2004-2005 budget. The first step of that plan was approved in 2004-2005 and included a 9% increase in 2004-2005. This was to be followed by smaller cost-of-living increases in subsequent years. Sharp increases in fuel costs coupled with rising landfill disposal and regulatory costs confirm the need for continued modest rate increases to maintain cost recovery and adequate reserve levels.

Environmental and Utility Services CSA

Core Service: Manage Recycling and Garbage Services *Environmental Services Department*

Performance and Resource Overview (Cont'd.)

To address these rising costs, a three-year rate strategy of increases up to 5% was proposed as part of the 2005-2006 Proposed Operating Budget. Pending the results of the Norcal Waste Systems of San Jose, Inc. 2004 contract amendment investigation however, these increases have been deferred, and the rate increase issue is scheduled to be reconsidered by the City Council sometime later in the year. For 2005-2006, an increase of 3% for single-family dwellings (SFD) and 2% for multi-family dwellings has been recommended. If implemented, then the proposed monthly SFD rates for the average household (32 gallon bin) would increase from \$18.30 to \$18.90 in 2005-2006. Even with these increases, San José garbage rates would remain below the County average.






The economic downturn has resulted in lower waste generation, disposal and associated revenue to the General Fund. To offset this, an increase to the Commercial Solid Waste Franchise Fee of \$0.15 per cubic yard was approved in 2005-2006, bringing the total Franchise Fee rate to \$3.49 per cubic yard. This increase will generate an estimated \$460,000 in General Fund revenue. In addition, as directed by City Council, community based organizations funding reductions were approved in this core service. This action reduced the non-profit reuse disposal subsidy by 8.2%, generating ongoing General Fund savings of \$42,824.

Performance data for several performance measures is not currently available and is awaiting implementation of the Consolidated Utility Billing System (formerly CUSP). The new system will provide the technological foundation for more efficient customer service and associated finance operations and integration of call centers. The Consolidated Utility Billing System is expected to "go live" in March 2006. Assuming this system is implemented as scheduled, data will be available in 2006-2007 for the performance measures: "% of residential pickups completed as scheduled" and "% of service requests on time per contract requirements".

Environmental and Utility Services CSA

Core Service: Manage Recycling and Garbage Services Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Recycling and Garbage Services Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 % of solid waste diverted from landfill State Mandate: 50%	N/A*	62%	59%*	59%
 % of residential pickups completed as scheduled	N/A**	100%	N/A**	100%
 City's annual per household cost to provide recycling and garbage collection, processing, and disposal (per residential household)	\$195	\$200	\$200	\$215
 % of service requests on time per contract requirements	N/A**	100%	N/A**	100%
 % of customers rating recycling and garbage services as good or excellent, based on reliability, ease of system use, and lack of disruption				
- Single-Family Dwelling	85%	85%	85%***	85%
- Multi-Family Dwelling	75%	75%	75%***	75%

* Certification by the State will not be available until June 2006.

** Data not available for 2003-2004 or 2004-2005. Data will be available when a work order system is implemented. See discussion above.

*** Biennial Measure. Survey was conducted in April 2005.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Total tons of residential solid waste diverted from landfills	251,511	250,000	250,000	252,000
Total tons of residential solid waste landfilled	254,932	255,000	255,000	257,000
Total number of residential households served	291,541	292,000	295,000	298,000

Environmental and Utility Services CSA

Core Service: Manage Recycling and Garbage Services Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Recycling and Garbage Services Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 3,654,836	\$ 4,183,178	\$ 4,239,418	\$ 4,239,418	1.3%
Non-Personal/Equipment	49,222,523	55,601,823	58,899,892	59,313,568	6.7%
Total	\$ 52,877,359	\$ 59,785,001	\$ 63,139,310	\$ 63,552,986	6.3%
Authorized Positions	47.42	46.59	47.46	47.46	1.9%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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"CLEAN AND SUSTAINABLE" AIR, LAND AND ENERGY

1. Community Based Organizations Funding Reduction (42,824) (42,824)

Based on the average city-wide reduction to community based organizations, this action reduces the non-profit reuse disposal subsidy by 8.2%, generating ongoing General Fund savings of \$42,824. This reduction is anticipated to cause a minimal impact to services provided by non-profit agencies (Goodwill, St. Vincent de Paul, Salvation Army, and Hope Industries), however an increase in disposal costs or an increase in the selectivity of materials received by these organizations may occur. (Ongoing savings: \$42,824)

Performance Results:

Quality Service level impacts will be determined by each community-based organization as appropriate.
Cost This funding reduction is consistent with the average percentage reduction for non-public safety city service areas.

Environmental and Utility Services CSA

Core Service: Manage Recycling and Garbage Services
Environmental Services Department

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
"CLEAN AND SUSTAINABLE" AIR, LAND AND ENERGY (CONT'D.)			
2. Rebudget: Integrated Waste Management Program		456,500	0
Rebudgeting unexpended 2004-2005 funds will allow the Department to support household hazardous waste and public area recycling programs with dedicated State and County funding. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
2005-2006 Adopted Core Service Changes Total	0.00	413,676	(42,824)

Environmental and Utility Services CSA

Core Service: Manage Urban Runoff Quality *Environmental Services Department*

Core Service Purpose

Promote the health of the South Bay watershed through regulatory programs that prevent pollution from entering the storm sewer system and waterways.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Illegal Discharge Response Program (ICID) | <input type="checkbox"/> Inter-Departmental Technical Support |
| <input type="checkbox"/> Industrial Inspection Program (IND) | <input type="checkbox"/> Inter-Agency Collaboration |
| <input type="checkbox"/> Water Quality Monitoring Program | <input type="checkbox"/> Education and Outreach |

Performance and Resource Overview

Much of this core service's current activities are governed by the City's National Pollutant Discharge Elimination System (NPDES) permit for separate municipal storm sewer systems. Extensive efforts are underway in several other City departments, including Public Works, Transportation, General Services, and Planning, Building and Code Enforcement, which also contribute to the City's success in managing urban runoff quality.

The current five-year NPDES Stormwater permit was approved in February 2001, but strict requirements ("C.3" provisions) for new development and redevelopment were added in October 2001. Performance results in the Manage Urban Runoff Quality Core Service are positive but require additional resources to maintain performance levels. Program elements that were added as a result of the 2001 permit have now matured to an implementation stage and have required additional resources. Most recently, activity in response to the permit's C.3 requirements has ramped up as implementation deadlines approach. This has required additional staffing to support new development project review, technical support, and coordination with local and regional agencies on the development of best management practices and implementation guidelines and tools. Along with the Departments of Public Works and Planning, Building and Code Enforcement, the Environmental Services Department is working to address these additional requirements and will continue to augment or develop the steps needed to expand implementation as required in the permit. In order to fully implement these requirements, several position additions were approved across several CSAs and are reflected in this Adopted Budget. In this CSA, 1.0 Engineer position was approved in the Environmental Services Department for project review, technical support, and policy development related to these new requirements.

Protecting the City's compliance record is particularly important at this time, as the City prepares to implement a new – potentially regional – stormwater permit in 2006. Additional compliance costs are expected in order to implement the forthcoming permit. Several emerging issues will affect




Environmental and Utility Services CSA

Core Service: Manage Urban Runoff Quality *Environmental Services Department*

Performance and Resource Overview (Cont'd.)

the provisions, including pressure from the environmental community for numerical water quality limits on stormwater discharges and specific load restrictions for particular pollutants such as mercury, pesticides, and trash. ESD has shifted funds to begin proactive measures in these areas.

A three-year rate strategy of increases in the Storm Sewer use charge rate of up to 4.5% was approved starting in 2005-2006. For the first year, a 4.5% increase raises the annual single-family residential rate by \$2.04, from \$45.84 to \$47.88. This funding will enable the City to meet the performance standards set by the permit, to maintain the storm sewer infrastructure, to support the health of the South Bay Watershed, and to fund storm pump station rehabilitation and replacement in the Storm Sewer System Capital Improvement Program.

Manage Urban Runoff Quality Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 Cost per residential unit	\$43.92	\$45.85	\$45.84	\$47.88
 % of Urban Runoff Management Plan tasks completed by target date*	97%	100%	98%	100%
 % of residents surveyed who understand that any substances washed down the street end up in the Bay without treatment through the storm sewer system	43%	43%	43%**	43%
* Compliance plan for NPDES Stormwater permit.				
** Survey conducted Fall 2003. Next survey is scheduled for 2005-2006.				

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Stormwater NPDES permit work plan tasks completed by target date	227	200	217	200

Environmental and Utility Services CSA

Core Service: Manage Urban Runoff Quality

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Manage Urban Runoff Quality Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,966,082	\$ 2,378,614	\$ 2,395,204	\$ 2,481,606	4.3%
Non-Personal/Equipment	2,552,261	2,437,257	2,485,856	2,535,856	4.0%
Total	\$ 4,518,343	\$ 4,815,871	\$ 4,881,060	\$ 5,017,462	4.2%
Authorized Positions	24.15	23.65	23.21	24.21	2.4%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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HEALTHY STREAMS, RIVERS, MARSH AND BAY

1. Stormwater Permit Resources	1.00	136,402	0
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In coordination with the Planning, Building, and Code Enforcement and the Public Works Departments, this action provides additional staff (1.0 Engineer in this CSA) for project review, technical support, and policy development related to the increased demands of implementing C.3 requirements as part of the City's National Pollutant Discharge Elimination System (NPDES) permit. The permit provision requires that new projects implement treatment control measures to address pollutants that may enter the storm drain system. In addition, a one-time allocation of \$50,000 of non-personal/equipment expenditures was approved to fund modifications to the existing AMANDA data system to facilitate the collection and transmittal of C.3 related information. (Ongoing cost: \$87,969)

Performance Results:

Quality Ensures that the City maintains performance levels in implementing Urban Runoff Management Plan activities in compliance with the NPDES permit and improves the quality of stormwater runoff based on new C.3 requirements. **Cost** Increased cost per resident due to additional resources required to meet permit requirements.

2005-2006 Adopted Core Service Changes Total	1.00	136,402	0
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Environmental and Utility Services CSA

Core Service: Manage Wastewater *Environmental Services Department*

Core Service Purpose

Manage wastewater for suitable discharge into the South San Francisco Bay and for beneficial reuse to protect the environment and public health.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Source Management and Control | <input type="checkbox"/> Regulatory Development and |
| <input type="checkbox"/> Operation of Treatment System | Technical Guidance |
| <input type="checkbox"/> and Processes | <input type="checkbox"/> Process Control Monitoring |
| <input type="checkbox"/> Maintain Equipment and Facilities | <input type="checkbox"/> System Improvements |
| <input type="checkbox"/> Regulatory Compliance | |

Performance and Resource Overview

For the past several years, the key performance issue for this core service has been to continue to meet the Regional Water Quality Control Board's permit requirements and flow trigger of 120 million gallons per day (mgd). If average discharges from the Water Pollution Control Plant exceed this level during the May through October dry weather season, the Board could order a number of more stringent measures, such as a building moratorium, that could threaten the area's long-term economic growth.

Due to successful conservation programs, the growth of the recycled-water market, and the effect of the economy in reducing the influent to below the effluent trigger, this performance measure is expected to be met without extraordinary efforts for the next several years.

The performance measure of more concern currently is the "Cost per million gallons treated." Although the significant decline in influent over the past several years is a significant driver of the rising cost-per-gallon-treated, the increasing maintenance costs associated with the aging infrastructure at the treatment plant is a growing factor.

In response to this trend last year, seven program positions from within the CSA were converted to mechanical and electrical maintenance positions. This should allow the facility to address maintenance backlogs, and will also aid in the development of a more comprehensive preventive maintenance program in the next fiscal year. In addition to this, there are several capital maintenance projects within the Five-Year CIP budget that will address specific components of the Plant and significantly reduce operations and maintenance inflationary costs.







Environmental and Utility Services CSA

Core Service: Manage Wastewater

Environmental Services Department

Performance and Resource Overview (Cont'd.)

In this core service, the Department is projected to meet or exceed its performance measurement targets in 2004-2005. The performance measure "Million gallons per day discharged to the Bay during average dry weather season" is well below targeted levels due to both increased recycled water consumption and the downturn in the economy, which is reflected in the reduction in the Plant's influent. With no indications that this trend is reversing, projections for 2005-2006 indicate that the water discharged to the Bay will remain well below the 120 mgd flow trigger. With the downturn in the economy, ESD experienced a similar downturn in the number of permitted industrial dischargers. The Department expects to continue meeting the target in both the percent of inspections completed on time and the percent of customers satisfied or very satisfied with service.

Manage Wastewater Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 Millions of gallons per day discharged to the Bay during average dry weather season State order: 120 mgd or less*	100	110	97.5	100
 % of time pollutant discharge requirements are met or surpassed	100%	100%	100%	100%
 % of suspended solids removed	99%	99%	99%	99%
 % of scheduled industrial inspections completed on time	94%	90%	90%	90%
 Cost per million gallons treated	\$752	\$785	\$785	\$820
 % of customers (permitted dischargers) satisfied or very satisfied with service, based on reliability and pre-treatment services	95%	90%	95%**	90%

* Average dry weather season is defined as the lowest three month continuous average between May and October.

** Survey conducted March 2004. Next survey scheduled for 2005-2006.

Environmental and Utility Services CSA

Core Service: Manage Wastewater Environmental Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Average millions of gallons per day treated	116	116	116	115
Total population in service area	1,304,568	1,316,256	1,316,256	1,333,600
Total pounds of suspended solids removed (in millions)	100	105	105	104

Manage Wastewater Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 22,274,037	\$ 24,841,737	\$ 25,210,287	\$ 25,210,287	1.5%
Non-Personal/Equipment	24,849,295	25,597,115	24,720,973	24,720,973	(3.4%)
Total	\$ 47,123,332	\$ 50,438,852	\$ 49,931,260	\$ 49,931,260	(1.0%)
Authorized Positions	258.63	263.15	261.72	261.72	(0.5%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Environmental and Utility Services CSA

Core Service: Protect Natural and Energy Resources *Environmental Services Department*

Core Service Purpose

Promote enhanced air quality, environmentally responsible land use, and conservation of water and energy resources.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Manage Green Building Program | <input type="checkbox"/> Protect and Monitor Groundwater Quality |
| <input type="checkbox"/> Implement Sustainable Energy Practices | <input type="checkbox"/> NPDES Permits Development |
| <input type="checkbox"/> Promote Improved Air Quality | <input type="checkbox"/> Habitat Protection |
| <input type="checkbox"/> Development Review and Land Use Policy Implementation | <input type="checkbox"/> Water Conservation |

Performance and Resource Overview

This core service focuses on the City's contributions to protecting and conserving air, land, water, and energy. In its other five core services, the Environmental Services Department accomplishes its mission and practices environmental leadership through the services it provides. In this core service, other than water conservation activities, direct services are more limited and the focus is on practicing leadership through education, influence, and coordination.

Sustainable (Green) Building

The City's West Valley Branch Library, a Leadership in Energy and Environmental Design (LEED™) certified facility, was awarded the 2004 Governor's Environmental and Economic Leadership Award. The program recognizes individuals and organizations that have demonstrated exceptional leadership and made notable, voluntary contributions to conserving California's resources, protecting and enhancing the environment, and building public-private partnerships. Staff continues to review existing construction projects to determine to what extent green building measures can be incorporated. Cross-training of staff within Environmental Services, Public Works, Redevelopment Agency, and Planning, Building and Code Enforcement continues. To date, nine City staff are LEED™ Accredited Professionals.

The two energy performance measures relating to conservation and the incorporation of Green Building Guidelines in new City facilities are estimated to meet or exceed targeted levels.

Energy Efficiency

Energy supply, reliability and costs continue to be a concern. As part of the Sustainable Energy Policy, San José continues to pursue energy efficiency in City operations, encourages renewable and clean energy use, and promotes energy efficiency in the community.

Environmental and Utility Services CSA

Core Service: Protect Natural and Energy Resources

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Energy Efficiency (Cont'd.)

The Silicon Valley Energy Partnership (SVEP), a collaborative between the City and PG&E, is proving to be highly successful at helping Silicon Valley businesses reduce their operating and maintenance energy costs. Over 200 San José businesses will receive rebates for installing energy efficient equipment. Governments within Silicon Valley are also taking advantage of the energy audits offered by this program, and the architectural and technical professions continue to attend the energy classes and workshops coordinated by the City as part of SVEP activities.

Water Conservation

2004-2005 represents the second year of the Water Pollution Control Plant's latest NPDES Permit that primarily governs the activities of the Water Efficiency Program (WEP). Because flows to the Water Pollution Control Plant remain appreciably below the trigger of 120 mgd, the WEP continues to scale back its flow reduction efforts accordingly.

In 2005-2006, WEP will continue to focus on maintaining the flow reduction it achieved through the Revised South Bay Action Plan by promoting such programs as leak identification and repair. WEP's flow reduction strategies will focus on the business sector, in support of the City's efforts to improve its economic outlook. WEP will also continue to cost share with the Santa Clara Valley Water District (SCVWD) on its indoor water conservation programs. In particular, the City's cost-sharing agreement for the SCVWD's High Efficiency Toilet program is responsible for the reduction in the "Net cost per million gallons per day of water conserved through City" performance measure. By leveraging funds with the SCVWD, the City can achieve increased water conservation with fewer dollars.

WEP expanded its water conservation focus to outdoor water use with the Neighborhood Preservation Water Conservation Pilot Program. This program is funded by the Santa Clara Valley Water District and offers financial assistance to low-income San José residents identified under the City's Neighborhood Preservation Ordinance who upgrade their landscapes using water conserving landscape materials and plants. The pilot program, which helps beautify San José's neighborhoods while minimizing impacts to water supply, will be evaluated in May 2005 to determine whether or not it will be continued in 2005-2006.

The performance measure "% of annual goal achieved for gallons of water conserved tributary area-wide" and the Activity and Workload Highlight "Millions of gallons per day conserved (tributary area-wide)" are estimated to end the year on target.










Environmental and Utility Services CSA

Core Service: Protect Natural and Energy Resources Environmental Services Department

Performance and Resource Overview (Cont'd.)

Land Use

The 2004-2005 estimate for “% of City-owned closed landfills utilized for Tier 1 beneficial uses” will end the year below target, while the estimate for “% of City-owned closed landfills utilized for Tier 2 beneficial uses” will end the year commensurately above target. Tier 1 reuse is intended to take advantage of the underutilized closed landfills by primarily allowing other City projects to “manage” excess soil at the closed landfills. Tier 2 reuse involves redevelopment of closed landfills, which are deemed more beneficial than Tier 1 reuse for long-term benefit to the community. Of the closed landfills, only the “9Par” site is currently being utilized for Tier 1 purposes. The remaining landfills are either at capacity or are being considered for redevelopment. The remaining performance measure for land, “% of Notice of Violations resolved to the satisfaction of the regional body” is estimated to meet targeted levels in 2004-2005.

Protect Natural and Energy Resources Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 (Energy) % of energy conserved in City facilities	15%	12%	14%	12%
 (Energy) % of new City facilities incorporating the Green Building Guidelines implementation goal as adopted by Council (LEED certification)	100%	100%	100%	100%
 (Air) % of City vehicles using alternative fuels or Ultra-Low Emission Vehicles	11%	11%	11%	11%
 (Water) % of annual goal for gallons of water conserved tributary area-wide	77%	100%	100%	100%
 (Land) % of Notice of Violations resolved to the satisfaction of the regional body	100%	100%	100%	100%
 (Land) % of City-owned closed landfills utilized for Tier 1 beneficial uses	60%	40%	20%	20%
 (Land) % of City-owned closed landfills utilized for Tier 2 beneficial uses	20%	40%	60%	60%
 (Water) Net cost per million gallons per day of water conserved through City programs*	\$1.49 million	\$2.50 million	\$1.43 million	\$2.00 million
 (Water) % of residents demonstrating water conservation knowledge	-	30% New Measure**		30%

* Cost after Santa Clara Valley Water District cost-sharing.

** Data for this measure will come from the biennial Water Focus Survey. Measure was added after the previous survey was conducted so it was not possible to get data for 2004-2005. The next Water Focus Survey will be conducted in the spring of 2006.

Environmental and Utility Services CSA

Core Service: Protect Natural and Energy Resources

Environmental Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Millions of gallons per day conserved (tributary area-wide)	0.14	0.175	0.175	0.175
Cumulative millions of gallons per day conserved since July 1992 (tributary area-wide)	N/A*	7.150	7.175	7.350

* New Highlight for 2004-2005.

Protect Natural and Energy Resources Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 722,757	\$ 1,099,770	\$ 894,290	\$ 917,162	(16.6%)
Non-Personal/Equipment	350,324	2,013,082	1,868,983	2,059,235	2.3%
Total	\$ 1,073,081	\$ 3,112,852	\$ 2,763,273	\$ 2,976,397	(4.4%)
Authorized Positions	9.96	7.46	6.46	6.46	(13.4%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
"CLEAN AND SUSTAINABLE" AIR, LAND AND ENERGY			
1. Rebudget: Silicon Valley Energy Partnership		213,124	213,124
Rebudgeting unexpended 2004-2005 funds will allow the Department to continue energy efficiency efforts through the Silicon Valley Energy Partnership. (Ongoing costs: \$0)			
Performance Results: N/A (Final Budget Modification)			
2005-2006 Adopted Core Service Changes Total	0.00	213,124	213,124

Environmental and Utility Services CSA

Core Service: Sanitary Sewer Maintenance *Transportation Department*

Core Service Purpose

To provide timely and effective cleaning and repair of the sanitary sewer collection system to ensure uninterrupted sewage flow to the Water Pollution Control Plant.

Key Operational Service:

- ☐ **Maintain Sanitary Sewer System**

Performance and Resource Overview

The Sanitary Sewer Maintenance Core Service's primary goal is to ensure proper sanitary sewage flow while minimizing blockages and other system malfunctions that may have significant health or property damage impacts. The core service includes all maintenance and operational activities necessary to sustain the 2,190-mile collection system. This core service contributes primarily to the Environmental and Utility Services CSA Outcome: *Reliable Utility Infrastructure*.

Sanitary Sewer Maintenance has consistently performed well over the years. The percentage of sewer line segments that do not become obstructed each year remains high, with 98% estimated to have remained clear in 2004-2005. The Department's ability to respond to system obstructions within four hours is estimated to remain at a constant 90% in both 2004-2005 and 2005-2006.

An estimated 800 sanitary sewer main line blockages occurred in 2004-2005. Staff continues to identify areas of historical blockage problems to provide timely proactive sewer line cleaning. Approximately 500 miles of sewer lines are cleaned annually. Also, to assist in reducing the number of blockages and backups, staff is proactively working with the community to educate and inform them about self-prevention methods.

In 2004-2005, an estimated 55% of all in-house repairs, which include sanitary sewer main spot repairs, lateral repairs, and cleanout installations, were completed within established time guidelines. This was below the targeted 75% due to staffing vacancies. Also, a significant backlog of class B repairs has developed. Class B repairs are necessary repairs but are not urgent because the sewer line or lateral still has full capacity. Staff is optimistic that key vacancies may be filled and the backlog can be substantially reduced in 2005-2006 while still achieving an overall 70% timeliness measure.

The sanitary sewer maintenance program receives very high customer service ratings. 98 percent of customers rated the service good or better in 2004-2005 and customer satisfaction is anticipated to remain at or above 95% in 2005-2006.






Environmental and Utility Services CSA

Core Service: Sanitary Sewer Maintenance *Transportation Department*

Performance and Resource Overview (Cont'd.)

The sanitary sewer maintenance staff constantly assesses system performance through video inspection. Engineering staff investigates chronic blockages and unacceptable sewer odors. Mitigation measures to improve sewage flow include chemical injection, ongoing preventive cleaning, and corrective repairs. Fourteen pump stations, two soil-bed bio-filters, and one chemical injection station are also used to improve the flow of sewage within the sanitary sewer system. Sewer odors are handled swiftly, and corrective measures include: cleaning the sewer pipes, sealing off the emission holes (forcing foul air to flow through bio-filters for treatment), and using ferrous chloride to reduce odor-causing sulfides. Caustic soda is also used during the hot summer months to prevent odors. System deficiencies are constantly monitored and addressed when necessary. Major repairs or rehabilitation are referred to the capital program managed by Public Works, an Environmental and Utility Services CSA partner.

In 2005-2006, staff will continue working in conjunction with the California Regional Water Quality Control Board to develop a comprehensive Sanitary Sewer Management Plan. The management plan will take advantage of regionally-developed best practices, streamline reporting processes, and update policy and procedures for maintenance and operations, inspection, and capital improvements to improve the City's overall performance. This effort should result in fewer blockages and sanitary sewer overflows.

Sanitary Sewer Maintenance Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 % of sewer line segments without obstruction	98%	97%	98%	97%
 Sanitary Sewer cost to budget ratio	1.00	1.00	1.00	1.00
 % of blockages cleared within 4 hours of notification	93%	90%	90%	90%
 % of in-house repairs completed within established time guidelines: (Class A – 20 days: usage available, but less than full capacity Class B – 35 days; usage available, and at full capacity)	76%	75%	55%	70%
 % of customers rating services good or better based upon timeliness and effectiveness (rating of 4 or greater on a 1 – 5 scale)	99%	95%	98%	95%

Environmental and Utility Services CSA

Core Service: Sanitary Sewer Maintenance Transportation Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Miles/number of sewer line segments	2,181/47,043	2,183/47,100	2,190/47,415	2,200/48,000
Miles of sanitary sewer lines cleaned	537	550	500	500
Number of sanitary sewer main line stoppages cleared	731	1,200	800	1,000
Miles of sanitary sewer lines inspected by video	43	40	30	35

Sanitary Sewer Maintenance Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 6,007,162	\$ 7,058,283	\$ 7,249,107	\$ 7,249,107	2.7%
Non-Personal/Equipment	1,880,479	2,296,939	2,298,189	2,298,189	0.1%
Total	\$ 7,887,641	\$ 9,355,222	\$ 9,547,296	\$ 9,547,296	2.1%
Authorized Positions	92.95	89.95	89.85	89.85	(0.1%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Environmental and Utility Services CSA

Core Service: Storm Sewer Management *Transportation Department*

Core Service Purpose

To maintain and operate the storm sewer system in a way that ensures proper flow and is environmentally sensitive to the regional water tributary system and to the South San Francisco Bay.

Key Operational Services:

- ☐ **Maintain Storm Sewer System**
- ☐ **Provide Street Sanitation**
- ☐ **Manage Stormwater Pollution Control**

Performance and Resource Overview

Storm Sewer Management includes preventive cleaning of the storm sewer system at chronic problem points, as well as timely responses to storm emergency needs. Inspection, cleaning, and repair of storm sewer inlets, outfalls, pump stations, and retention basins help to prepare for each storm season and are necessary to meet stormwater pollution control objectives. This core service contributes primarily to the Environmental and Utilities Services CSA Outcomes: *Reliable Utility Infrastructure* and *Healthy Streams, Rivers, Marsh and Bay*.

Storm Sewer System

As a result of the Department of Transportation's proactive annual storm inlet cleaning program, all 28,500 storm inlets city-wide were cleaned of debris between September 2004 and January 2005. In 2004-2005, it is estimated that the City experienced 1,500 plugged storm inlets and 65% of those blockages were cleared within 24 hours. This high number of plugged storm inlets was due to the fact that 2004-2005 was a very wet year. These levels are expected to slightly improve in 2005-2006, based on assumptions that the weather in 2005-2006 will exhibit more normal, drier patterns. In addition to cleaning the storm inlets, the Storm Sewer Management Program maintains and operates twenty-five storm pump stations, many of which are aging and in need of rehabilitation. A comprehensive rehabilitation and upgrade program has been developed and \$500,000 is included in the Storm Sewer Capital Fund for storm pump station replacements and rehabilitation in 2005-2006. 2005-2006 is the second of a multi-year program to address the aging storm sewer infrastructure by replacing or rehabilitating the oldest and least reliable pump stations to reduce the risk of flooding.

Additional funding in the Storm Sewer Operating Fund was approved in 2005-2006 in order to maintain and operate three new storm pump stations (Rincon II, Airport, and 87/Taylor) that will be on-line in 2005-2006 and to continue to maintain and operate the existing Oakmead storm pump station. The Oakmead station has been funded by a maintenance assessment district since its construction. Ongoing costs are now approved to be transferred to the Storm Sewer Operating

Environmental and Utility Services CSA

Core Service: Storm Sewer Management *Transportation Department*

Performance and Resource Overview (Cont'd.)

Storm Sewer System (Cont'd.)

Fund that maintains other storm pump stations throughout the City. This transition is occurring because the service provided at the Oakmead station approximates standard levels of City services and no longer warrants a special assessment.

Street Sanitation

The City of San José provides street sweeping services through contractual and city crews to the City's 4,072 curb miles of residential streets, major streets and bikeways, and in the central and neighborhood business districts. The Environmental and Utility Services CSA, through the work of the Environmental Services Department and the Department of Transportation, combines efforts to manage, implement, and inspect the Street Sweeping program.

In 2003-2004, 70% of residents rated street sweeping services as good or better. In order to generate cost savings and assist in minimizing rate increases, the frequency of residential street sweeping was reduced from twice per month to once per month beginning in January 2004. To improve street sweeping effectiveness and mitigate the effect of reduced sweeping frequency, staff performed a field study to identify obstacles to effective sweeping. Study results indicated that 50% of the streets were effectively swept, 35% of the street sweeps were moderately successful, and 15% of the streets were ineffectively swept. The study identified the presence of parked vehicles as the primary obstacle to effective sweeping. As a result of the study data, staff has focused on reducing the number of parked cars on the street during sweep day, targeting the 15% of streets that were ineffectively swept.

The Department of Transportation and the Environmental Services Department are now in the midst of a comprehensive five-year plan to address streets that are heavily impacted by parked vehicles. Parking prohibition signage was installed on 60 miles of streets in 2003-2004 and an additional 40 miles of parking prohibition signage was installed in 2004-2005. In 2005-2006, the third year of the plan, resources are approved to install an additional 40 miles of parking prohibition signage. City staff works with SNI groups, Council Offices and neighborhood groups to identify and prioritize the locations for parking prohibitions.

In the recently completed 2005 Recycle Plus Tracking survey, 79% of the residents responded that they were satisfied with the street sweeping services, up 9 percentage points from 2003-2004. This indicates that the strategy to focus on removing parked cars from the street on sweep days has helped improve the quality of street sweeping and been effective in mitigating the effects of the reduction from two sweeps to one.






Environmental and Utility Services CSA

Core Service: Storm Sewer Management *Transportation Department*

Performance and Resource Overview (Cont'd.)

Stormwater Pollution

The Department of Transportation works closely with the Environmental Services Department to ensure compliance with the City's Urban Runoff Management Plan and the National Pollutant Discharge Elimination System (NPDES) permit that allows the City to discharge water into South San Francisco Bay. The two departments also coordinate their focus on services that collect pollutants before they reach the waterways. Additionally, the departments work together to provide annual training for applicable Best Management Practices for City maintenance activities. In an attempt to streamline work conducted in waterways under Santa Clara Valley Water District jurisdiction, a Master Maintenance Permit between the City and the District is in place. The master permit allows the City to be more responsive to storm water pollution prevention and flood mitigation needs.

Storm Sewer Management Performance Summary	2003-2004 Actual	2004-2005 Target	2004-2005 Estimated	2005-2006 Target
 % of storm sewer inlets without obstruction	99%	97%	95%	97%
 % of streets rated clean (4 or greater on a 1 – 5 scale)	72%	72%	75%	75%
 Storm Sewer Management Cost to Budget Ratio	1.00	1.00	1.00	1.00
 % of storm sewer inlet blockages cleared within 24 hours	63%	70%	65%	70%
 % of customers rating street sweeping services good or better based upon effectiveness and satisfaction with street appearance (4 or greater on a 1 – 5 scale)	70%*	71%	79%	79%

* Actual data not available for 2003-2004 since Recycle Plus Survey is conducted every other year. This figure represents an estimate.

Activity & Workload Highlights	2003-2004 Actual	2004-2005 Forecast	2004-2005 Estimated	2005-2006 Forecast
Miles/number of storm sewer segments	909/23,900	910/24,000	1,032/24,752	1,250/25,500
Number of storm sewer inlets	27,900	28,500	28,500	29,000
Number of storm sewer inlet stoppages identified and cleared	1,059	800	1,500	1,000
Number of residential curb miles swept	78,000	60,000	65,000	65,000
Number of roadway debris removals	4,606	5,500	5,000	5,000
Thousands of tons of sweeping debris collected	13.50	9.00	13.00	13.00

Environmental and Utility Services CSA

Core Service: Storm Sewer Management *Transportation Department*

Performance and Resource Overview (Cont'd.)

Storm Sewer Management Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 4,020,236	\$ 4,243,014	\$ 4,177,976	\$ 4,427,494	4.3%
Non-Personal/Equipment	1,863,868	2,018,691	1,752,926	1,979,696	(1.9%)
Total	\$ 5,884,104	\$ 6,261,705	\$ 5,930,902	\$ 6,407,190	2.3%
Authorized Positions	51.19	52.64	50.54	53.84	2.3%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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RELIABLE UTILITY INFRASTRUCTURE

1. Storm Pump Stations Maintenance and Operations	1.30	236,209	0
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This action provides additional funding in the Storm Sewer Operating Fund to maintain and operate three new storm pump stations (Rincon II, 87/Taylor, and Airport) as well as the existing Oakmead storm pump station which had previously been maintained by special assessments and is now being transitioned to Storm Sewer resources. This transition is occurring because the service now provided at the Oakmead Storm Pump Station approximates standard levels of City services and no longer warrants a special assessment. As part of this action, the funding for 1.3 FTE (1.0 Sr. Pump Maintenance Worker and 0.3 Maintenance Supervisor) is being shifted from the old Maintenance District #10 (Oakmead Storm Station) to the Storm Sewer Operating Fund. In addition, this action provides \$125,849 for supplies, electricity, and vehicle operating costs from the Storm Sewer Operating Fund for pump maintenance in 2005-2006, which will be used in conjunction with the remaining estimated fund balance of \$134,000 from the Oakmead Storm Pump Station fund. After that fund is fully depleted in 2005-2006, the ongoing costs to be assumed by the Storm Sewer Operating Fund will be approximately \$134,000 higher. The reductions in the Oakmead Storm Station Fund are presented in the Transportation CSA, Landscape Core Service section of this document. (Ongoing costs: \$370,000)

Performance Results:

Quality, Cost New storm pumps coming on line will be maintained; costs of an existing storm pump will be reprogrammed in the appropriate City funds.

Environmental and Utility Services CSA

Core Service: Storm Sewer Management *Transportation Department*

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
HEALTHY STREAMS, RIVERS, MARSH AND BAY			
2. Expanded Street Sweeping Enforcement	2.00	240,079	0
<p>This action continues one-time resources to support one Maintenance Worker I and one Maintenance Worker II and \$101,000 in supplies and materials costs for one additional year to install signs prohibiting parking on street sweeping days on an additional 40 curb miles. The additional signs will be placed on streets that are severely impacted by parking. With additional parking restrictions posted, street sweeps will be more effective at cleaning neighborhood roads and preventing the influx of debris into the storm drain system and, ultimately, area streams and the bay. These investments will be split evenly between the Integrated Waste Management Fund and the Storm Sewer Operating Fund. (Ongoing cost: \$0)</p>			
Performance Results:			
Quality, Streets with new parking prohibition signage will be swept more effectively. Customer Satisfaction This action will help maintain customer satisfaction with the cleanliness of neighborhood streets.			
2005-2006 Adopted Core Service Changes Total	3.30	476,288	0

Environmental and Utility Services CSA

Strategic Support *Environmental Services Department*

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Environmental Services Department includes:

Key Operational Services:

- ☐ **Public Education**
- ☐ **Long Range Planning**
- ☐ **Employee Services**
- ☐ **Facility Management**
- ☐ **Financial Management**
- ☐ **Information Technology Services**
- ☐ **Clerical Support**
- ☐ **Materials Management**

Performance and Resource Overview

Key initiatives in this area include annual reporting on the Environmental Services Department's special funds and rates, legislative research and advocacy, and GIS mapping activities.

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 4,706,923	\$ 4,931,788	\$ 5,501,258	\$ 5,501,258	11.5%
Non-Personal/Equipment	1,056,708	1,351,769	1,421,819	1,421,819	5.2%
Total	\$ 5,763,631	\$ 6,283,557	\$ 6,923,077	\$ 6,923,077	10.2%
Authorized Positions	55.50	54.00	58.00	58.00	7.4%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Environmental and Utility Services CSA

Strategic Support *Transportation Department*

Provide the necessary direction and support to the department's core services by ensuring sound budget and fiscal services, hiring of quality new employees, development of a highly skilled and safe workforce, and implementation of useful and reliable information technology systems.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Budget and Financial Services | <input type="checkbox"/> Personnel |
| <input type="checkbox"/> Training & Safety | <input type="checkbox"/> Information Technology |

Performance and Resource Overview

Strategic Support provides essential behind-the-scenes services that are necessary for the effective management of the department's core services. By centralizing operational services such as budget and financial management, training and safety functions, personnel services, and information technology management, front-line staff are better able to provide quality services to the department's customers.

The Department of Transportation's strategic support staff provide a variety of services that support the outcomes in the Environmental and Utility Services CSA, including budget and financial services, training, safety, personnel and information technology support. For more information on these services, including the Performance Summary and Activity and Workload Highlights, please see the narrative in the Strategic Support section of the Transportation CSA section of this document.

Strategic Support Resource Summary	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 635,325	\$ 654,932	\$ 666,874	\$ 666,874	1.8%
Non-Personal/Equipment	49,332	34,160	34,160	34,160	0.0%
Total	\$ 684,657	\$ 689,092	\$ 701,034	\$ 701,034	1.7%
Authorized Positions	5.52	6.17	6.17	6.17	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Environmental and Utility Services CSA

Strategic Support *Transportation Department*

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Environmental and Utility Services CSA

City-Wide Expenses

Overview

The Environmental and Utility Services Program provides funding for basic utility services in a way that values the environment and makes it easy for residents and businesses to do the same.

Budget Summary

City-Wide Expenses Resource Summary*	2003-2004 Actual 1	2004-2005 Adopted 2	2005-2006 Forecast 3	2005-2006 Adopted 4	% Change (2 to 4)
Environmental and Utility Services	\$ 506,608	\$ 619,000	\$ 638,000	\$ 1,388,000	124.2%
Total	\$ 506,608	\$ 619,000	\$ 638,000	\$ 1,388,000	124.2%
Authorized Positions	0.00	0.00	0.00	0.00	N/A

* For a complete listing of allocations for the Environmental and Utility Services Program, please refer to the City-Wide Expenses section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund (\$)
1. Rebudgets: Low Income Energy Assistance		750,000
The rebudget of unexpended 2004-2005 funds will allow for the continued availability of funding for Low Income Energy Assistance in 2005-2006. (Ongoing cost: \$0)		
2005-2006 Adopted Program Changes Total	0.00	750,000